

DEPARTMENT OF WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE SOLUTIONS
ADMINISTRATOR'S MEMO SERIES

NOTICE 03-13

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RE: CALENDAR YEAR 2004 CHILD
SUPPORT ALLOCATIONS –
PRELIMINARY NOTICE

To: Child Support Agency Directors

From: Bettie A. Rodgers /s/
Division Administrator

PURPOSE

This memo provides child support agencies with preliminary allocation information (Calendar Year (CY) 2004 for counties) to assist agencies in their budgeting process. This memo addresses performance based allocations, child support administrative funds, and medical support liability incentives (refer to the attachment). As in prior years, representatives from child support agencies through a subcommittee of the Child Support Policy Advisory Committee and the Department met a number of times to jointly develop the CY 2004 performance based allocations.

PERFORMANCE BASED ALLOCATION (STATE)

The performance based allocation provided in the attachment shows the contract amount that may be earned under the CY 2004 contract. Requirements related to earning this allocation will be communicated in a separate Administrator's Memo. These state funds provide a contract amount to each agency to minimize agencies' share of costs. The allocations are based on an estimated amount of \$12.34 million available statewide under the performance based allocation and relates to the amount estimated to be earned by the state under the federal child support incentives. However, the actual allocations may be adjusted if the federal incentives change. The exact amount may also be increased or decreased subject to the final approval of the State's Biennial Budget. Performance based funds must be matched with federal funds and spent for allowable child support activities. The estimated amount of \$12.34 million is allocated in the attachment.

Agencies will receive an advance of 25 percent of their award. This advance will be provided to agencies at the rate of one-third for each of the first three months of their 2004 contract.

The methodology used to determine the child support allocations follows:

The OCSE-157 report of cases for March 31, 2003, was used to determine the caseload size for each agency for purposes of the 2004 allocations.

Agencies were divided into groups representing agencies that are the Smallest, Small, Medium, Large, Extra Large, and Milwaukee based on their caseload size. These represent distinct break points in distribution of cases statewide.

Smallest Agencies -	350 cases or fewer
Small Agencies -	at least 351 cases but not more than 2,951
Medium Agencies -	at least 2,951 cases but not more than 5,200 cases
Large Agencies -	at least 5,201 cases but not more than 9,500 cases
Extra Large Agencies -	at least 9,501 cases but not more than 50,000 cases
Milwaukee -	over 100,000 cases

The Smallest Agencies will have a minimum allocation not determined exclusively by caseload.

Each group receives a percent of the state's total allocation.

Smallest Agencies -	0.36% divided across the three agencies to determine the base
Small Agencies -	23.00% of the state's total allocation divided by the total caseload for this group
Medium Agencies -	16.13% of the state's total allocation divided by the total caseload for this group
Large Agencies -	7.34% of the state's total allocation divided by the total caseload for this group
Largest Agencies -	24.47% of the state's total allocation divided by the total caseload for this group
Milwaukee -	28.70% of the state's total allocation

A three year phase-in of this formula is in place. As a part of the phase-in, and to the extent possible, no agency allocation will increase or decrease more than 10% of the allocation from the previous year. This is the third and final year of the phase-in.

CHILD SUPPORT ADMINISTRATIVE FUNDS (FEDERAL)

The methodology for determining administrative cost advances for agencies did not change from previous years. The Department will generate administrative cost advances for January, February, and March, based on 110 percent of the total federal share (66%) of both direct and indirect costs for the most recent previously reconciled year. This method of establishing the base, against which the advances are calculated, does not limit the amount of funds an agency may earn through the reimbursement process. The Child Support Agency will be reimbursed at the applicable federal financial participation (FFP) rate and applicable State share on all allowable costs, regardless of the amount used for advance calculations.

Agencies have an opportunity to request, at any time during the contract period, a modification of the administrative cost advances. An example of a justification for an upward revision is the addition of staff to the Child Support Program in CY 2004, which was not reflected in the CY 2002 base budget, and could result in costs in excess of 115 percent of the CY 2002 costs. See **REQUESTS FOR MODIFICATIONS** section below.

The calculations for the administrative cost advances will be completed and available to each Area Administrator on August 1, 2003. Agencies may contact their Area Administrator for those amounts.

MEDICAL SUPPORT LIABILITY (MSL) INCENTIVES

The monthly estimated Medical Support Liability (MSL) incentive payment to be made to agencies in CY 2004 will be one-twelfth of the earned MSL incentive amount for FFY 2002. The monthly amount is indicated on the attachment. The methodology used has not changed from 2003. There will continue to be an annual MSL adjustment to reconcile estimated incentives with earned incentives.

Agencies have an opportunity to request, at any time during the contract period, a modification of the amount of MSL incentives to be paid monthly. An example of a justification for an upward or downward revision is evidence of an increase or decrease in MSL collections of more than five percent that was not reflected in the FFY 2002 incentive amount. See **REQUESTS FOR MODIFICATIONS** section below.

REQUESTS FOR MODIFICATIONS

Requests for modifications that result in at least a five percent change (positive or negative) in the Child Support administrative allocation or Medical Support Liability estimate may be directed to your Area Administrator at any time throughout the contract period. Adjustments will be reflected in the first available payment month following approval. Any agency requesting a modification will be notified in writing of the revised allocation amount, or the reasons for adjusting or denying the modification request.

If you have any questions, please feel free to contact your Area Administrator.

REGIONAL OFFICE CONTACT: Area Administrators

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ATTACHMENT